

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**  
**Hackberry, Louisiana**

**ANNUAL FINANCIAL REPORT**  
**AND INDEPENDENT AUDITORS' REPORTS**

**Year Ended December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 28 2012**

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## **CAMERON PARISH WATERWORKS DISTRICT NO. 2**

### **Management's Discussion and Analysis**

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 2 (the District) presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

### **FINANCIAL HIGHLIGHTS**

- \* The District's assets exceeded its liabilities by \$1,763,178 (net assets).
- \* Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$1,163,090 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
  - (2) Unassigned net assets of \$600,088 represent the portion available to maintain the District's continuing obligations to customers and creditors.
- \* Total revenues of \$464,207 were less than total expenditures of \$469,898, which resulted in a current year shortage of \$5,691, compared to the prior year's surplus of \$8,815.
- \* Total operating revenues increased by \$36,640 from the prior year. Operating expenses increased by \$51,146 from the prior year, mainly from an increase in depreciation and maintenance.

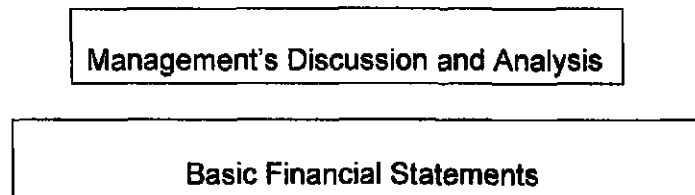
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## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Management's Discussion and Analysis - Continued

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.



These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

#### BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

Continued

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Management's Discussion and Analysis - Continued

#### FINANCIAL ANALYSIS OF THE DISTRICT

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net assets at fiscal year-end are \$1,763,178. The following table provides a summary of the District's net assets:

	<u>2011</u>	<u>2010</u>
Current assets	\$ 713,650	\$ 464,434
Noncurrent assets	-	231,243
Capital assets	<u>1,163,090</u>	<u>1,191,668</u>
Total assets	1,876,740	1,887,345
Total liabilities	<u>113,562</u>	<u>60,754</u>
Net assets:		
Invested capital assets, net of debt	1,163,090	1,191,668
Unassigned	<u>600,088</u>	<u>634,923</u>
Total net assets	<u>\$ 1,763,178</u>	<u>\$ 1,826,591</u>

Net assets of the District decreased by \$ 63,413 for the year ended December 31, 2011.

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 251,018	\$ 235,932
Operating expenses	<u>469,898</u>	<u>418,752</u>
Operating income (loss)	(218,880)	(182,820)
Non-operating revenues (expenses)	<u>213,189</u>	<u>191,635</u>
Net increase (decrease) in net assets	<u>\$ (5,691)</u>	<u>\$ 8,815</u>

The District's operating revenues are derived primarily from fees for water services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2011, was \$1,163,090. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Continued

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Management's Discussion and Analysis - Continued

	<u>2011</u>	<u>2010</u>
Non-depreciable asset:		
Land	\$ 1,000	\$ 1,000
Depreciable assets:		
Buildings	366,640	366,640
Distribution system	470,273	457,910
Furniture and fixtures	14,050	14,050
Improvements	1,084,728	1,084,728
Machinery and equipment	<u>236,986</u>	<u>191,416</u>
Total depreciable assets	2,172,677	2,114,744
Less accumulated depreciation	<u>1,010,587</u>	<u>924,076</u>
Book value-depreciable assets	<u>1,162,090</u>	<u>1,190,668</u>
Percentage depreciated	<u>46%</u>	<u>43%</u>
Book value-all assets	<u>\$ 1,163,090</u>	<u>\$ 1,191,668</u>

At December 31, 2011 the depreciable capital assets were 46% depreciated. This compares more than the December 31, 2010 percentage. This comparison indicates that the District depreciates its assets at a higher rate than they are replaced.

#### DEBT

The District has no financing debt.

#### ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

#### CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kelly Cloud, Superintendent, P.O. Box 334, Hackberry, LA 70645.

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**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
  
JULIA W. PORTUS, C.P.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BRANEFF, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

June 18, 2012

Board of Commissioners  
Cameron Parish Waterworks District No. 2  
Hackberry, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 2, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Cameron Parish Waterworks District No. 2's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cameron Parish Waterworks District No. 2 as of December 31, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of Cameron Parish Waterworks District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplemental information on pages 3 through 6 and 30 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Gragson, Casiday & Guillory*



## **BASIC FINANCIAL STATEMENTS**

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**

**Statement of Net Assets**

**December 31, 2011**

**ASSETS**

**Current Assets**

Cash	\$ 470,115
Receivables	
Ad valorem taxes, net	182,465
Accounts, net	18,172
Intergovernmental	22,536
State revenue sharing	726
Restricted Assets	
Cash - customer deposits	19,636
Total Current Assets	<u>713,650</u>

**Property, plant and equipment**

Buildings	366,640
Distribution system	470,273
Furniture and fixtures	14,050
Improvements	1,084,728
Machinery and equipment	236,986
	<u>2,172,677</u>
Less accumulated depreciation	<u>1,010,587</u>
	1,162,090
Land	1,000
	<u>1,163,090</u>

**TOTAL ASSETS** \$ 1,876,740

Continued

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Statement of Net Assets - Continued

December 31, 2011

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 36,877
Accrued liabilities	1,013
Customer deposits	19,636
Deferred revenue	2,915
Intergovernmental	<u>40,846</u>
Total Current Liabilities	<u>101,287</u>

Long-term Liability

Net OPEB obligation	<u>12,275</u>
Total Liabilities	<u>113,562</u>

NET ASSETS

Invested in capital assets	1,163,090
Unassigned	<u>600,088</u>
Total Net Assets	<u>1,763,178</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,876,740</u></u>
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The accompanying notes are an integral part of these financial statements.

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**

**Statement of Revenues, Expenses  
and Changes in Net Assets**

**Year Ended December 31, 2011**

<b>OPERATING REVENUES</b>	
Charges for services	\$ 250,002
Miscellaneous revenue	1,016
<b>TOTAL OPERATING REVENUES</b>	<u><b>251,018</b></u>
<b>OPERATING EXPENSES</b>	
Advertising	44
Auto	9,247
Bank fees	678
Contract labor	2,026
Depreciation	86,511
Dues	3,345
Employee benefits - OPEB	6,381
Equipment rental	176
Insurance - general	10,605
Insurance - health	29,445
Maintenance	77,659
Office expense	8,001
Per diem	3,840
Professional fees	13,742
Retirement	21,352
Salaries	153,931
Taxes and licenses	3,969
Telephone	10,612
Travel	666
Utilities	27,668
<b>TOTAL OPERATING EXPENSES</b>	<u><b>469,898</b></u>
<b>OPERATING INCOME (LOSS)</b>	<b>(218,880)</b>

Continued

The accompanying notes are an integral part of these financial statements.

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**

**Statement of Revenues, Expenses  
and Changes in Net Assets - Continued**

**Year Ended December 31, 2011**

<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Ad valorem taxes, net	\$ 184,814
State revenue sharing	1,089
Interest income	171
Hurricane related income, net	27,115
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>213,189</u>
<b>CHANGE IN NET ASSETS</b>	(5,691)
<b>NET ASSETS - BEGINNING</b>	1,826,591
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(57,722)</u>
<b>NET ASSETS - BEGINNING, RESTATED</b>	<u>1,768,869</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 1,763,178</u></u>

The accompanying notes are an integral part of these financial statements.

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**

**Statement of Cash Flows**

**Year Ended December 31, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers and others	<b>\$ 250,025</b>
Payments for supplies and expenses	<b>(222,039)</b>
Payments to employees for services	<b>(179,951)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>(151,965)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Ad valorem taxes	<b>184,814</b>
State revenue sharing	<b>1,089</b>
Hurricane related income, net	<b>27,115</b>
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>213,018</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of fixed assets	<b>(57,933)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<b><u>171</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,291</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>486,460</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 489,751</u></u></b>

**Continued**

**The accompanying notes are an integral part of these financial statements.**

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Statement of Cash Flows - Continued

Year Ended December 31, 2011

RECONCILIATION OF OPERATING LOSS TO  
CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$ (218,880)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	86,511
(Increase) decrease in:	
Accounts receivable	(993)
Ad valorem taxes receivable	(53,646)
Accrued interest	62
Intergovernmental	(22,536)
State revenue sharing	200
Increase (decrease) in:	
Accounts payable	16,558
Accrued liabilities	(4,668)
Intergovernmental	40,846
OPEB obligation	4,581
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (151,965)</u>

The accompanying notes are an integral part of these financial statements.

## **CAMERON PARISH WATERWORKS DISTRICT NO. 2**

### **Notes to Financial Statements**

**December 31, 2011**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Cameron Parish Waterworks District No. 2 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Hackberry area of the Parish. The District is governed by a board of commissioners.

##### **1. Reporting Entity**

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 2. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

**Continued**



## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### 2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the District has elected to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses from enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### 3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2011, the District has \$573,526 in deposits (collected bank balances). These deposits are secured from risk by \$482,709 of federal deposit insurance and \$90,817 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Continued

## **CAMERON PARISH WATERWORKS DISTRICT NO. 2**

### **Notes to Financial Statements**

**December 31, 2011**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **4. Accounts Receivable**

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2011 was \$0.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

##### **5. Compensated Absences**

The District has the following policy relating to vacation and sick leave:

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

**Continued**

## **CAMERON PARISH WATERWORKS DISTRICT NO. 2**

### **Notes to Financial Statements**

**December 31, 2011**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2011, the District had an accrual for compensated absences of \$1,013.

#### **6. Statement of Cash Flow**

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

Total cash and cash equivalents at December 31, 2011 of \$489,751 represent unrestricted cash of \$470,115 and restricted cash of \$19,636.

#### **7. Net Assets**

In the financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unassigned net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net or related debt".

#### **8. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **9. Subsequent Events**

Management has evaluated subsequent events through June 18, 2012, the date the financial statements were available to be issued.

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE B – AD VALOREM TAXES

For the year ended December 31, 2011, taxes of 5.72 mills were levied on property with taxable assessed valuations totaling \$33,097,756.

Total taxes levied were \$ 189,318

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

#### NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	5-25 years
Distribution system	3-40 years
Furniture and fixtures	5 years
Improvements	10-50 years
Machinery and equipment	5-15 years

A summary of changes in property, plant and equipment for the year ended December 31, 2011 are as follows:

	<u>Beginning of Year</u>	<u>Net Additions</u>	<u>End of Year</u>
Buildings	\$ 366,640	\$ -	\$ 366,640
Distribution system	457,910	12,363	470,273
Furniture and fixtures	14,050	-	14,050
Improvements	1,084,728	-	1,084,728
Machinery and equipment	191,416	45,570	236,986
Land	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	2,115,744	<u>\$ 57,933</u>	2,173,677
Less accumulated depreciation	<u>924,076</u>		<u>1,010,587</u>
TOTALS	<u>\$ 1,191,668</u>		<u>\$ 1,163,090</u>

Depreciation expense was \$86,511 for the year ended December 31, 2011.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

##### Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week, not participating in another public funded retirement system and under age fifty-five (55) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited services, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2011 totaled \$21,352.

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE E - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2011 were as follows:

Donald Broussard	\$ 360
Richard Erickson	780
George Shove	300
Kirk Stansel	840
Mark Trahan	840
Michael Welch	720
	<u>\$ 3,840</u>

#### NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

#### NOTE G – CONTINGENCIES

In September 2008 Hurricane Ike struck Southwest Louisiana causing damage to the District's property and its infrastructure. Through December 31, 2011, all Hurricane related expenses/costs have been paid and/or accounted for.

At December 31, 2011 the Statement of Net Assets is reporting accounts receivable and accounts payable from/to FEMA of \$22,536 and \$40,846, respectively representing final hurricane related cost reimbursements.

#### NOTE H – POST-EMPLOYMENT BENEFITS

**Plan Description.** Cameron Parish Waterworks District No. 2's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Continued

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

Effective with the year ended December 31, 2009, the Cameron Parish Waterworks District No. 2 implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). This statement has been implemented prospectively. Using this method, the beginning OPEB liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to January 1, 2009) will be amortized and recognized as an expense over thirty years.

Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P entry) provision are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2008, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. For the few employees not covered by that system, the same retirement eligibility has been assumed. Complete plan provisions are included in the official plan documents.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Through fiscal year ending December 31, 2008, the Cameron Parish Waterworks District No. 2 recognized the cost of providing post-employment medical benefits (the Cameron Parish Waterworks District No. 2's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis.

In Fiscal Year ending December 31, 2011, Cameron Parish Waterworks District No. 2's portion of health care funding cost for retired employees totaled \$1,800. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

Continued

# **CAMERON PARISH WATERWORKS DISTRICT NO. 2**

## **Notes to Financial Statements**

December 31, 2011

### **NOTE H – POST-EMPLOYMENT BENEFITS - CONTINUED**

**Annual Required Contribution.** The Cameron Parish Waterworks District No. 2's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year is \$6,518, as set forth below:

	<u>Medical</u>
Normal Cost	\$ 3,131
30-year UAL amortization amount	3,387
Annual required contribution (ARC)	<u>\$ 6,518</u>

**Net Post-employment Benefit Obligation.** The table below shows the Cameron Parish Waterworks District No. 2's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2011:

	<u>Medical</u>
Annual required contribution	\$ 6,518
Interest on Net OPEB Obligation	308
ARC Adjustment	<u>(445)</u>
Annual OPEB Cost	6,381
Contributions made	<u>(1,800)</u>
Increase in Net OPEB Obligation	4,581
Beginning Net OPEB Obligation	<u>7,694</u>
Ending Net OPEB Obligation	<u>\$ 12,275</u>

The following table shows the Cameron Parish Waterworks District No. 2's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

Post Employment Benefit	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	Percentage of Annual Cost <u>Contributed</u>	<u>Net OPEB Obligation</u>
Medical	December 31, 2011	\$6,381	28,21%	\$ 12,275

Continued



## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**Funded Status and Funding Progress.** In the fiscal year ending December 31, 2011, the Cameron Parish Waterworks District No. 2 made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on the January 01, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year ended December 31, 2011 was \$58,589, which is defined as that portion, as determined by a particular actuarial cost method (the Cameron Parish Waterworks District No. 2 uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>Medical</u>
Actuarial Accrued Liability (AAL)	\$ 58,589
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 58,589</u>
Funded Ratio (Act. Val. Assets/AAL)	.00%
Covered Payroll (active Plan members)	\$ 153,931
UAAL as a percentage of covered payroll	38.00%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Cameron Parish Waterworks District No. 2 and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Cameron Parish Waterworks District No. 2 and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Cameron Parish Waterworks District No. 2 and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Continued

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2011

#### NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**Actuarial Cost Method.** The ARC is determined using the United Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets.** Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**Turnover Rate.** An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 5%.

**Post employment Benefit Plan Eligibility Requirements.** Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P. Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2008, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. For the few employees not covered by that system, the same retirement eligibility has been assumed. Entitlement to benefits continues through Medicare to death.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate.** Because the employer provided medical cost of retirees is limited to a flat \$150 per month, we have assumed a flat 3% annual "trend" as the expected rate of increase in medical cost assuming general inflation will cause the flat amount to increase. Conventional medical trend factors have not been used.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the IRS requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Continued

# CAMERON PARISH WATERWORKS DISTRICT NO. 2

## Notes to Financial Statements

December 31, 2011

### NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The retiree ostensibly pays 100% of the coverage for medical benefits, but it is based on subsidized premiums. Thus, the employer pays the remainder of the cost of the medical benefits for the retiree through the subsidy. Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated these "unblended" rates for two broad groups: retired before Medicare eligibility, and retired after Medicare eligibility. It has been assumed that the unblended retiree rate before Medicare eligibility is 130% of the blended active rate and that the unblended retiree rate after Medicare eligibility is 80% of the blended active rate.

**Inflation Rate.** Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above are an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases.** This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases.** The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**Below is a summary of OPEB cost and contributions for the last three fiscal years.**

	OPEB Costs and Contributions		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
OPEB Cost	\$ 5,569	\$ 5,725	\$ 6,381
Contribution	-	-	-
Retiree premium	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>
Total contribution and premium	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>
Change in net OPEB obligation	<u>\$ 3,769</u>	<u>\$ 3,925</u>	<u>\$ 4,581</u>
% of contribution to cost	0.0%	0.0%	0.0%
% of contribution plus premium to cost	32.32%	31.44%	28.21%

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**

**Notes to Financial Statements**

**December 31, 2011**

**NOTE I – PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2011, the District discovered that its prior year ad valorem taxes receivable was overstated by \$57,722. Adjustments related to corrections of this error resulted in a decrease in net assets and in net income for prior periods of \$57,722. /

**SUPPLEMENTAL INFORMATION**

**CAMERON PARISH WATERWORKS DISTRICT NO. 2**

**Employee Health Care Plan**

**December 31, 2011**

**Schedule of Funding Progress (Unaudited)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2009	\$ 0	\$ 51,505	\$ 51,505	0.00%	\$ 91,894	56.04%
December 31, 2010	\$ 0	\$ 53,565	\$ 53,565	0.00%	\$ 144,756	37.00%
December 31, 2011	\$ 0	\$ 58,589	\$ 58,589	0.00%	\$ 153,931	38.00%

## CAMERON PARISH WATERWORKS DISTRICT NO. 2

Statement of Revenues, Expenses  
and Changes in Net Assets - Budget and Actual

Year Ended December 31, 2011

	Budget		Actual	Variance
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 292,500	\$ 264,800	\$ 250,002	\$ (14,798)
Miscellaneous revenue	-	-	1,016	1,016
<b>TOTAL OPERATING REVENUES</b>	<u>292,500</u>	<u>264,800</u>	<u>251,018</u>	<u>(13,782)</u>
<b>OPERATING EXPENSES</b>				
Advertising	72	58	44	14
Auto	15,097	12,242	9,247	2,995
Bank fees	1,107	898	678	220
Contract labor	3,308	2,682	2,026	656
Depreciation	38,000	36,500	86,511	(50,011)
Dues	5,461	4,429	3,345	1,084
Employee benefits - OPEB	6,499	6,535	6,381	154
Equipment rental	287	233	176	57
Insurance - general	17,314	14,040	10,605	3,435
Insurance - health	29,988	30,155	29,445	710
Maintenance	126,790	102,815	77,659	25,156
Office expense	13,063	10,593	8,001	2,592
Per diem	3,400	3,600	3,840	(240)
Professional fees	22,436	18,193	13,742	4,451
Retirement	21,746	21,867	21,352	515
Salaries	156,768	157,643	153,931	3,712
Taxes and licenses	6,480	5,255	3,969	1,286
Telephone	17,326	14,050	10,612	3,438
Travel	1,087	882	666	216
Utilities	45,172	36,630	27,668	8,962
<b>TOTAL OPERATING EXPENSES</b>	<u>531,400</u>	<u>479,300</u>	<u>469,898</u>	<u>9,402</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(238,900)</u>	<u>(214,500)</u>	<u>(218,880)</u>	<u>(4,380)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Ad valorem taxes, net	155,000	132,000	184,814	52,814
State revenue sharing	6,000	1,200	1,089	(111)
Interest income	600	140	171	31
Hurricane related income, net	3,500	9,100	27,115	18,015
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>165,100</u>	<u>142,440</u>	<u>213,189</u>	<u>70,749</u>
<b>CHANGE IN NET ASSETS</b>	<u>(73,800)</u>	<u>(72,060)</u>	<u>(5,691)</u>	<u>66,369</u>
<b>NET ASSETS - BEGINNING</b>	<u>1,768,869</u>	<u>1,768,869</u>	<u>1,768,869</u>	<u>-</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 1,695,069</u>	<u>\$ 1,696,809</u>	<u>\$ 1,763,178</u>	<u>\$ 66,369</u>

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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JULIA W. PORTUS, C.P.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BRANEFF, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

June 18, 2012

Board of Commissioners  
Cameron Parish Waterworks District No. 2  
Hackberry, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 2 as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cameron Parish Waterworks District No. 2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

Cameron Parish Waterworks District No. 2's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Cameron Parish Waterworks District No. 2's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dracson, Casiday & Guillory*

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Schedule of Findings and Questioned Costs

Year Ended December 31, 2011

1. Summary of Auditors' Results:

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified? ☐ yes ☒ no
- Control deficiencies identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2011-1:

**Inadequate Segregation of Duties**

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 2

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2011

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2010-01:

Inadequate segregation of duties.

Corrective Action Taken: None, repeat finding in 2011.

Finding 2010-02:

Lack of staff person with qualifications and training to apply generally accepted accounting principles (GAAP).

Corrective Action Taken: Satisfactorily corrected.

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